

A message from our Managing Director

Andrew Gill



Hello and welcome to the first edition of *Splash*, Pacific Life Re Australia's quarterly newsletter. Each edition will highlight our latest news and insights into relevant issues affecting the insurance industry, including both those we are faced with every day and more abstract topics. In this issue, our CMO Dr Bill Monday will explore the latest scientific advancements surrounding gene therapy, while our Head of Research and Development Brendon Gerding discusses artificial intelligence, aiming to separate the hype from the helpful.

Our Sydney office was established in 2015 and the team has since grown to over 50 staff. During this time, I have seen the company go from strength to strength in both the group and retail markets. More recently, we have also been successful in bringing UnderwriteMe to Australia through a number of partnerships with local insurers.

Thank you for taking the time to read *Splash*. It has been an exciting year and we look forward to working with you in the future!

Dawn of the Gene Therapy Era

**By Chief Medical Officer,
Dr Bill Monday**

Thank goodness for acronyms as CRISPR is a mouthful - it stands for Clustered Regularly Interspaced Short Palindromic Repeats. CRISPR is a fairly new tool developed by scientists, that allows for genes to be precisely edited in a simpler way and it's proving to be exciting - dare I say potentially revolutionary as repairing disease at the DNA (gene) level can lead to cure!

The roll out of such therapy has broad reaching consequences in insurance medicine, including improving mortality and morbidity. Insurers will also need to update underwriting approaches and consider the financial strain and ethics surrounding existing health care systems and individuals.

Considering there are around 10,000 inherited genetic conditions caused by a faulty gene, curing

these conditions with gene editing could have a significant impact. With CRISPR it is possible to snip both strands of DNA at the area of fault, remove the abnormal copy of the gene and then repair or replace it with a normal copy. In August this year, this process was reported to have been successful in removing a faulty gene causing enlarged hearts in embryos.

CRISPR can also modify a person's immune cells to 'upgrade' them to better seek and destroy cancer cells or resist being 'switched off' by signals from cancer cells. This treatment falls under the broad arm of Immunotherapy and whilst this was possible with earlier methodology, CRISPR is allowing it to evolve more rapidly.

This treatment has been so successful in treating acute leukaemia in children, that in August of this year it was approved by the US Food and Drug Administration as the first Gene Therapy in the USA.

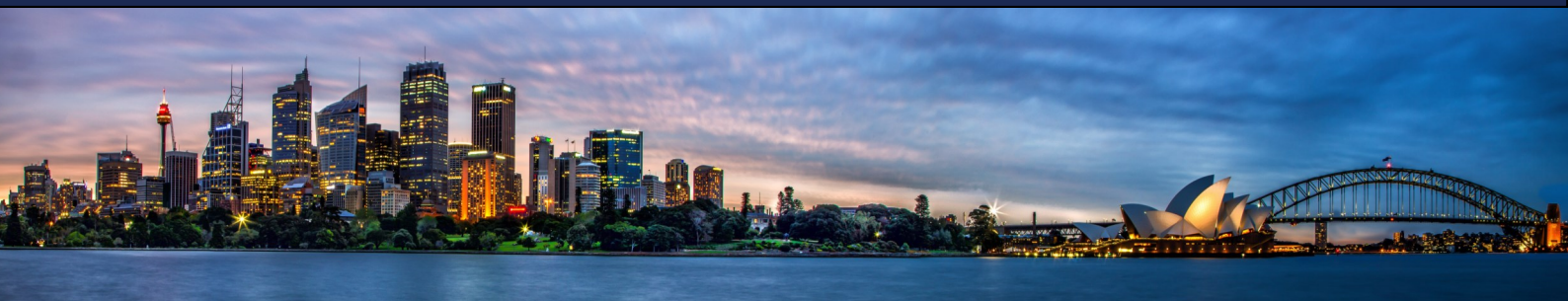
Gene therapy for acute leukaemia currently costs

\$475,000 per patient, which means it would cost \$1.5 billion to provide treatment to the 3,100 patients in the United States who need it. The financial implication of such treatments will become an ever increasing area of discussion as similar therapies continue to be implemented.

For more information or discussion please contact Dr Bill Monday at bill.monday@pacificlifere.com



IRESS has reviewed its rating benchmarks and made changes to some evaluated provisions for Trauma and TPD which has impacted ratings for most insurers. More details to follow in our next issue...



Machine "Yearning"

**By Head of Research & Development,
Brendon Gerding**

People around the world are humming with excitement at the possibilities brought on by machine, artificial intelligence, blockchain, and so on. Conversations on the topic often highlight wide-ranging views, from the robophobes (who fear robots are taking over the world) to those who believe there is nothing new under the sun.

It is somewhat comforting to see that pogonophobia (the fear of beards) is still [a more common concern](#) in 2017 than robophobia, but I still believe it's a useful exercise to try and separate the hype from the helpful when it comes to artificial intelligence. Looking at [Gartner's most recent Hype Cycle results](#) for example, we still have some way to go before we pass through the "trough of disillusionment" and onto the promised land of the "plateau of productivity."

So what do all these [buzzwords](#) really mean for our day-to-day lives over the next few years, and importantly, how do we turn from yearning to actual machine learning?

Keep it real: Be a champion of the less "sexy" things along the journey like cleaning your data or integrating your administration system with your underwriting and claim systems. Otherwise you're probably just entering a lawn mower into a drag race.

Don't be hasty: It's easy to get swept up in the latest technology, looking for problems that mean we get to use the trend of the week, rather than focusing on the key problems and looking for ways to solve them (including both "new" and "old" approaches). Focus on being able to adapt to changing technologies and processes in the future – design things as though you're going to need to change them, because you will!

Cultivate an entrepreneurial culture: Having the ability to express and explore ideas rather than being tied to a particular process is what will separate those companies that evolve and thrive from the future dinosaurs. Nurture a culture where it's good to try new things and express ideas, and where it's ok to take longer doing something if it means you're making it more repeatable, useful or efficient in the future.

Think big, act small: Wide scale change doesn't happen overnight. Your next manager's name probably won't be R2D2, and you don't need to delete Excel (just yet). Similarly, if you can't currently make use of a dataset, machine learning is probably not going to save you.

Look for ways to improve on a smaller scale and importantly - bring others along with you on the journey. If one team in your company is still living in the 90s, you're going to hit frequent bottlenecks and find yourself frustrated. Before you move to the future you need to make sure everyone else is in the now.

So, for now, relax; you've got plenty of time to panic in 10 years' time when the robot overlords really do takeover.

For more information or discussion please contact
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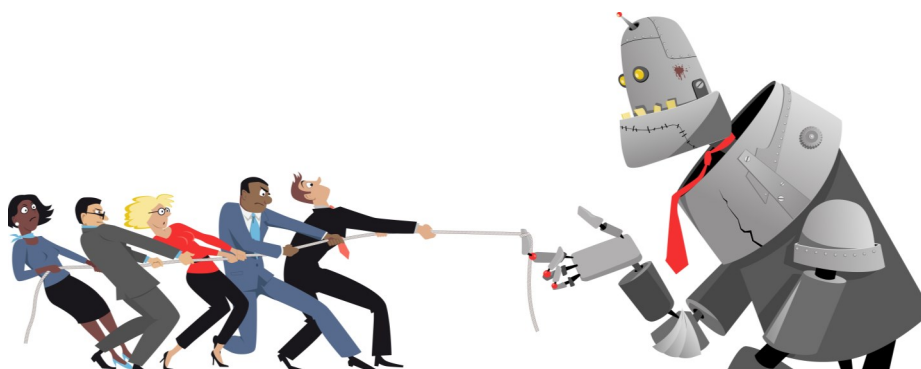
Latest News

UnderwriteMe in Australia

Pacific Life Re has launched UnderwriteMe in the Australian market, recently celebrating a new partnership with MLC Life Insurance. UnderwriteMe is the most comprehensive new business processing and automated online underwriting solution in any market.

UnderwriteMe uses a comprehensive database with over 600 rules covering more than 6,500 medical conditions.

More details about new UnderwriteMe partnerships to come in our next edition...



Would you like to get in touch?

If you would like to talk about how we can support your business, please contact Tyson Johnston at tyson.johnston@pacificlifere.com or Matthew Larkin at matthew.larkin@pacificlifere.com. For media enquiries please contact Andrew Gill, Managing Director at andrew.gill@pacificlifere.com